

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 40 – SB 122**

February 3, 2023

**SUMMARY OF BILL:** Prohibits nonresidential aliens, foreign businesses, foreign governments, or their agents, trustees, or fiduciaries, from acquiring real property in Tennessee if their respective country prohibits United States citizens from possessing real properties within them. Requires all of the prohibited parties to divest all rights, titles, and interests in property acquired by devise or descent within two years. Requires any nonresident alien, foreign business, foreign government, or their agent, trustee, or fiduciary, to register their property with the Secretary of State (SOS) within 60 days after July 1, 2023 or within 60 days after acquiring the real property or the interest in real property. Requires the SOS to report to the Attorney General and Reporter (AG) if it finds any party in violation of this requirement. Requires the AG to initiate action in the circuit court for the county in which the real property is located.

**FISCAL IMPACT:**

**Increase State Expenditures – \$80,000/FY23-24  
\$2,000/FY24-25 and Subsequent Years**

Assumptions:

- The proposed legislation does not apply to nonresidential aliens, foreign businesses, foreign governments, or their agents, trustees, or fiduciaries who hold real property within the state if it is held prior to July 1, 2023.
- Any party that is found in violation of timely registration of real property under the proposed legislation will be fined up to \$2,000 per violation to be assessed by the SOS. However, any increase in revenue as a result of this fine is assumed to be not significant.
- In order to accomplish the provisions of the proposed legislation, the SOS will need to build a reporting system for real property transactions. Based on similar projects, it is estimated that this system will require a one-time expenditure of \$80,000 in FY23-24, and an annual expenditure of \$2,000 for software maintenance beginning in FY24-25.
- The SOS will be able to handle investigatory functions required under the proposed legislation utilizing existing staff.
- Any increase in caseload to the AG that results from a violation of the proposed legislation can be handled within existing resources and personnel, without a significant increase in state expenditures. Any impact on the court system will be not significant.

## **IMPACT TO COMMERCE:**

**Increase Business Revenue – \$80,000/FY23-24  
\$2,000/FY24-25 and Subsequent Years**

Assumptions:

- The SOS will be required to utilize an outside vendor in order to produce and maintain a reporting system to accomplish the proposed legislation.
- Therefore, business revenue will increase by \$80,000 in FY23-24, and \$2,000 in FY24-25 and subsequent years.
- It is assumed that the proposed legislation will not have other significant impacts on commerce or jobs in Tennessee.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/cd